

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

|  |                            |  |                 |
|--|----------------------------|--|-----------------|
| Local Unit of Government Type<br><input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other |                            | Local Unit Name<br>CASTELTON TOWNSHIP            | County<br>BARRY |
| Fiscal Year End<br>3-31-2006   | Opinion Date<br>12-22-2006 | Date Audit Report Submitted to State<br>2-1-2007 |                 |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

|   |                                     |  |             |
|---|-------------------------------------|--|-------------|
| <b>We have enclosed the following:</b>                              | Enclosed                            | Not Required (enter a brief justification) |             |
| Financial Statements  | <input checked="" type="checkbox"/> |  |             |
| The letter of Comments and Recommendations                          | <input checked="" type="checkbox"/> |  |             |
| Other (Describe)  | <input type="checkbox"/>            |  |             |
| Certified Public Accountant (Firm Name)<br>FOOTE AND LLOYD, C.P.A.s |                                     | Telephone Number<br>(269) 962-7518         |             |
| Street Address<br>TWO WEST MICHIGAN, SUITE 210                      |                                     | City<br>BATTLE CREEK                       | State<br>MI |
| Zip<br>49017  |                                     |  |             |
| Authorizing CPA Signature<br><i>Charles W. Foote</i>                | Printed Name<br>CHARLES W. FOOTE    | License Number<br>1101007397               |             |

**CASTLETON TOWNSHIP  
BARRY COUNTY, MICHIGAN**

**REPORT OF AUDIT  
AS OF  
MARCH 31, 2006**

**FOOTE AND LLOYD  
CERTIFIED PUBLIC ACCOUNTANTS  
BATTLE CREEK, MICHIGAN**

**CASTLETON TOWNSHIP  
BARRY COUNTY, MICHIGAN**

|                |            |
|----------------|------------|
| Justin Cooley  | Supervisor |
| Lorna Wilson   | Clerk      |
| Loretta Pixley | Treasurer  |
| David DeMond   | Trustee    |
| Jerry Reese    | Trustee    |

Population 3,475 (2000)

For Fiscal Year Ended

March 31, 2006

## CASTLETON TOWNSHIP

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## CASTLETON TOWNSHIP

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# *Foote and Lloyd*

CERTIFIED PUBLIC ACCOUNTANTS  
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BATTLE CREEK, MI 49017

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CHARLES W. FOOTE  
\*DONALD L. LLOYD

GLEN C. SAUER

MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
-----  
MICHIGAN ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS  
-----  
\*FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Castleton Township  
Barry County, Michigan

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Castleton Township, Barry County, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Castleton Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Castleton Township as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, as amended and interpreted, as of March 31, 2006.

The management's discussion and analysis and budgetary comparison information on pages 2 through 3 and 20, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Castleton Township's basic financial statements. The additional information found on pages 21 through 29 are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Foote and Lloyd*

CERTIFIED PUBLIC ACCOUNTANTS

Battle Creek, Michigan  
December 22, 2006

**CASTLETON TOWNSHIP**  
**Management's Discussion and Analysis**

**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

**The Township as a Whole**

In a condensed format, the table below shows net assets as of fiscal year-end:

|  | Governmental Activities |                |
|--|-------------------------|----------------|
|  | 3-31-06                 | 3-31-05        |
| Current Assets                           | 608,961                 | 567,866        |
| Noncurrent Assets                        | <u>124,423</u>          | <u>131,971</u> |
| Total Assets                             | 733,384                 | 699,837        |
| Due to Other Governmental Unit           | 182,400                 | 243,200        |
| Other Liabilities                        | <u>1,656</u>            | <u>1,349</u>   |
| Total Liabilities                        | 184,056                 | 244,549        |
| Net Assets                               |                         |                |
| Invested in Capital Assets - Net of Debt | 124,423                 | 131,971        |
| Restricted for Perpetual Care            | -                       | 87,031         |
| Unrestricted                             | <u>424,905</u>          | <u>236,286</u> |
| Total Net Assets                         | <u>549,328</u>          | <u>455,288</u> |

The following table shows the changes of the net assets:

|                                  | Governmental Activities |                 |
|----------------------------------|-------------------------|-----------------|
|                                  | 3-31-06                 | 3-31-05         |
| Program Revenues                 |                         |                 |
| Charges for Services             | 700                     | 1,955           |
| General Revenues                 |                         |                 |
| Property Taxes                   | 115,998                 | 111,075         |
| State-Shared Revenues            | 131,471                 | 132,173         |
| Unrestricted Investment Earnings | 12,399                  | 7,557           |
| Miscellaneous                    | 8,427                   | 153             |
| Transfers                        | <u>(37,000)</u>         | <u>(33,000)</u> |
| Total Revenues                   | 231,995                 | 219,913         |



**CASTLETON TOWNSHIP**  
**Management's Discussion and Analysis**  
**Page 2**

|                      | Governmental Activities |                  |
|----------------------|-------------------------|------------------|
|                      | 3-31-06                 | 3-31-05          |
| Program Expenses     |                         |                  |
| General Government   | 111,728                 | 118,889          |
| Public Safety        | 8,660                   | 1,615            |
| Public Works         | 14,762                  | 352,308          |
| Health and Welfare   | <u>2,804</u>            | <u>4,612</u>     |
| Total Expenses       | <u>137,954</u>          | <u>477,424</u>   |
| Change in Net Assets | <u>94,041</u>           | <u>(257,511)</u> |

Our local unit's financial position has deteriorated during the past year again due to cuts in state revenue sharing funds and the township's commitment to a road project.

There was an average increase in the tax base due to new construction and Consumer Price Index. There were no tax abatements or commercial growth.

The township has two (2) restricted funds; fire-voted and ambulance-voted. The monies in these funds can only be used to buy new equipment or vehicles or for new buildings or additions.

There were no major changes in the fund balances of either restricted funds.

The variances between the original budget and the final budget were due largely to the road project. Variances between the final budget and the actual results were due largely to the reduction of state revenue sharing funds and the road project.

At this time, we think that these factors should not impact future services in the township.

The township has one long-term debt, we are committed to paying for the road project for the next three years. We are not considering any capital expenditures.

Based upon known facts, our unit will probably not have a significant change in its financial position.

We have no infrastructure.

Separately issued financial statements for the Fire Board and Ambulance Board are available for inspection at the Castleton Township office.

**CASTLETON TOWNSHIP**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**MARCH 31, 2006**

|                                 | Primary Government         |                             |                | Component<br>Units |
|---------------------------------|----------------------------|-----------------------------|----------------|--------------------|
|                                 | Governmental<br>Activities | Business-Type<br>Activities | Total          |                    |
| <b>Assets</b>                   |                            |                             |                |                    |
| Cash and Cash Equivalents       | 596,668                    | -                           | 596,668        | 20,642             |
| Receivables (Net)               | 12,293                     | -                           | 12,293         | -                  |
| Prepaid Expenses                | -                          | -                           | -              | -                  |
| Capital Assets-Net              | <u>124,423</u>             | <u>-</u>                    | <u>124,423</u> | <u>425,715</u>     |
| Total Assets                    | 733,384                    | -                           | 733,384        | 446,357            |
| <b>Liabilities</b>              |                            |                             |                |                    |
| Accounts Payable                | 1,656                      | -                           | 1,656          | 1,517              |
| Due to Other Governmental Unit  |                            |                             |                |                    |
| Current Portion                 | 60,800                     | -                           | 60,800         | -                  |
| Noncurrent Portion              | <u>121,600</u>             | <u>-</u>                    | <u>182,400</u> | <u>-</u>           |
| Total Liabilities               | 184,056                    | -                           | 184,056        | 1,517              |
| <b>Net Assets</b>               |                            |                             |                |                    |
| Invested in Capital Assets      |                            |                             |                |                    |
| Net of Related Debt             | 124,423                    | -                           | 124,423        | 425,715            |
| Restricted for Capital Projects | -                          | -                           | -              | -                  |
| Unrestricted                    | <u>424,905</u>             | <u>-</u>                    | <u>424,905</u> | <u>19,125</u>      |
| Total Net Assets                | <u>549,328</u>             | <u>-</u>                    | <u>549,328</u> | <u>444,840</u>     |

The Notes to Financial Statements are an integral part of this statement.

**CASTLETON TOWNSHIP**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED MARCH 31, 2006**

| Functions/Programs                                  | Expenses | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |   |           | Component Units |
|---|----------|----------------------|------------------------------------|----------------------------------|---|---|-----------|-----------------|
|   |          | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                         | Primary Government Business-Type Activities | Total     |                 |
| <b>Primary Government</b>                           |          |                      |                                    |                                  |   |   |           |                 |
| General Government                                  | 111,728  | 700                  | -                                  | -                                | (111,028)                                       | -   | (111,028) | -               |
| Public Safety                                       | 8,660    | -                    | -                                  | -                                | (8,660)   | -   | (8,660)   | -               |
| Public Works  | 14,762   | -                    | -                                  | -                                | (14,762)  | -   | (14,762)  | -               |
| Health and Welfare                                  | 2,804    | -                    | -                                  | -                                | (2,804)   | -   | (2,804)   | -               |
| Total Governmental Activities                       | 137,954  | 700                  | -                                  | -                                | (137,254)                                       | -   | (137,254) | -               |
| Business Type-Activities                            |          |                      |                                    |                                  |   |   |           |                 |
| None  | -        | -                    | -                                  | -                                | -   | -   | -         | -               |
| Total Primary Government                            | 137,954  | 700                  | -                                  | -                                | (137,254)                                       | -   | (137,254) | -               |
| <b>Component Units</b>                              |          |                      |                                    |                                  |   |   |           |                 |
| Area-Wide Fire Board                                | 96,805   | 1,050                | 54,952                             | -                                | -   | -   | -         | (40,803)        |
| Area-Wide Ambulance Board                           | 236,447  | 163,269              | 48,084                             | -                                | -   | -   | -         | (25,094)        |
| Total Component Units                               | 333,252  | 164,319              | 103,036                            | -                                | -   | -   | -         | (65,897)        |
| <b>General Revenues</b>                             |          |                      |                                    |                                  |   |   |           |                 |
| Property Taxes                                      |          |                      |                                    |                                  | 115,998   | -   | 115,998   |                 |
| State-Shared Revenues                               |          |                      |                                    |                                  | 128,825   | -   | 128,825   |                 |
| Metro Authority Act Revenue                         |          |                      |                                    |                                  | 2,646   | -   | 2,646     |                 |
| Unrestricted Investment Earnings                    |          |                      |                                    |                                  | 12,399  | -   | 12,399    |                 |
| Miscellaneous                                       |          |                      |                                    |                                  | 8,427   | -   | 8,427     |                 |
| Transfers   |          |                      |                                    |                                  | (37,000)  | -   | (37,000)  | 37,000          |
| Total General Revenues--Special Items and Transfers |          |                      |                                    |                                  | 231,295   | -   | 231,295   | 37,000          |
| Change in Net Assets                                |          |                      |                                    |                                  | 94,041  | -   | 94,041    | (28,897)        |
| Adjustments of Prior Years                          |          |                      |                                    |                                  | -   | -   | -         | 143,770         |
| Net Assets - Beginning                              |          |                      |                                    |                                  | 455,287   | -   | 455,287   | 329,967         |
| Net Assets - Ending                                 |          |                      |                                    |                                  | 549,328   | -   | 549,328   | 444,840         |

The Notes to Financial Statements are an integral part of this statement.

**CASTLETON TOWNSHIP  
GOVERNMENTAL FUND BALANCE SHEET  
MARCH 31, 2006**

|                           | <u>General<br/>Fund</u> | <u>Fire<br/>Voted<br/>Fund</u> | <u>Ambulance<br/>Voted<br/>Fund</u> | <u>Non-Major<br/>Governmental<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---------------------------|-------------------------|--------------------------------|-------------------------------------|--|---|
| <b>Assets</b>             |                         |                                |                                     |  |   |
| Cash and Cash Equivalents | 219,017                 | 269,587                        | 108,064                             | -  | 596,668                                 |
| Receivables - Net         | <u>5,921</u>            | <u>4,780</u>                   | <u>1,592</u>                        | <u>-</u>                                   | <u>12,293</u>                           |
| Total Assets              | 224,938                 | 274,367                        | 109,656                             | -  | 608,961                                 |
| <b>Liabilities</b>        |                         |                                |                                     |  |   |
| Accounts Payable          | <u>1,656</u>            | <u>-</u>                       | <u>-</u>                            | <u>-</u>                                   | <u>1,656</u>                            |
| Total Liabilities         | 1,656                   | -                              | -                                   | -  | 1,656                                   |
| <b>Fund Balances</b>      |                         |                                |                                     |  |   |
| Reserved for              |                         |                                |                                     |  |   |
| Capital Projects          | -                       | 274,367                        | 109,656                             | -  | 384,023                                 |
| Unreserved                | <u>223,282</u>          | <u>-</u>                       | <u>-</u>                            | <u>-</u>                                   | <u>223,282</u>                          |
| Total Fund Balances       | <u>223,282</u>          | <u>274,367</u>                 | <u>109,656</u>                      | <u>-</u>                                   | <u>607,305</u>                          |

Amounts reported for governmental activities in the statement of net assets are different because:

\*Capital assets used in governmental activities are not financial resources and are not reported in the funds. 124,423

\*\*Liabilities not due and payable within sixty days after the fiscal year end are not reported in the government funds. (182,400)

Net Assets of Governmental Activities 549,328

The Notes to Financial Statements are an integral part of this statement.

**CASTLETON TOWNSHIP  
GOVERNMENTAL FUND STATEMENT OF REVENUE,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
FISCAL YEAR ENDED MARCH 31, 2006**

|   | General<br>Fund       | Fire<br>Voted<br>Fund | Ambulance<br>Voted<br>Fund | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-----------------------|-----------------------|----------------------------|------------------------------------|--------------------------------|
| <b>Revenues</b>   |                       |                       |                            |                                    |                                |
| Taxes and Penalties   | 62,780                | 39,920                | 13,298                     | -                                  | 115,998                        |
| State-Shared Revenues                                       |                       |                       |                            |                                    |                                |
| Sales Tax   | 128,825               | -                     | -                          | -                                  | 128,825                        |
| Metro Authority Act   | 2,646                 | -                     | -                          | -                                  | 2,646                          |
| Charges for Services  | 700                   | -                     | -                          | -                                  | 700                            |
| Rentals   | 1,100                 | -                     | -                          | -                                  | 1,100                          |
| Interest  | 3,561                 | 6,522                 | 2,316                      | -                                  | 12,399                         |
| Other Revenue   | <u>4,127</u>          | <u>3,200</u>          | <u>-</u>                   | <u>-</u>                           | <u>7,327</u>                   |
| Total Revenues  | 203,739               | 49,642                | 15,614                     | -                                  | 268,995                        |
| <b>Expenditures</b>   |                       |                       |                            |                                    |                                |
| Current   |                       |                       |                            |                                    |                                |
| General Government  | 104,181               | -                     | -                          | -                                  | 104,181                        |
| Public Safety   | -                     | 8,660                 | -                          | -                                  | 8,660                          |
| Public Works  | 75,562                | -                     | -                          | -                                  | 75,562                         |
| Health and Welfare  | <u>-</u>              | <u>-</u>              | <u>2,804</u>               | <u>-</u>                           | <u>2,804</u>                   |
| Total Expenditures  | 179,743               | 8,660                 | 2,804                      | -                                  | 191,207                        |
| <b>Excess of Revenues Over (Under)</b>                      |                       |                       |                            |                                    |                                |
| <b>Expenditures</b>   | 23,996                | 40,982                | 12,810                     | -                                  | 77,788                         |
| <b>Other Financing Sources (Uses)</b>                       | -                     | -                     | -                          | -                                  | -                              |
| Transfers In  | -                     | -                     | -                          | -                                  | -                              |
| Transfers (Out)   | <u>(37,000)</u>       | <u>-</u>              | <u>-</u>                   | <u>-</u>                           | <u>(37,000)</u>                |
| <b>Excess of Revenue and Other<br/>Sources Over (Under)</b> |                       |                       |                            |                                    |                                |
| <b>Expenditures and Other Uses</b>                          | (13,004)              | 40,982                | 12,810                     | -                                  | 40,788                         |
| Fund Balance - Beginning of Year                            | <u>236,286</u>        | <u>233,385</u>        | <u>96,846</u>              | <u>-</u>                           | <u>566,517</u>                 |
| Fund Balance - End of Year                                  | <u><u>223,282</u></u> | <u><u>274,367</u></u> | <u><u>109,656</u></u>      | <u><u>-</u></u>                    | <u><u>607,305</u></u>          |

Amounts reported for governmental activities in the statement of activities are different because:

\*Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. (7,547)

\*\*Governmental funds report expenses when paid or when they will be paid within sixty days after the fiscal year end. 60,800

**Change in Net Assets of Governmental Activities** 94,041

The Notes to Financial Statements are an integral part of this statement.

**CASTLETON TOWNSHIP**  
**FIDUCIARY FUNDS - STATEMENT OF NET ASSETS**  
**MARCH 31, 2006**

|                                 | Cemetery<br>Perpetual<br>Care<br>Funds | Agency Fund<br>Type<br>(Property Tax<br>Collection Fund) |
|---------------------------------|--|--|
| <b>Assets</b>                   |  |  |
| Cash and Cash Equivalents       | <u>5,301</u>                           | <u>1,393</u>   |
| Total Assets                    | 5,301                                  | 1,393  |
| <b>Liabilities</b>              |  |  |
| Due to Other Governmental Units | <u>-</u>                               | <u>1,393</u>   |
| Total Liabilities               | <u>-</u>                               | <u><u>1,393</u></u>                                      |
| Net Assets                      | <u><u>5,301</u></u>                    |  |

The Notes to Financial Statements are an integral part of this statement.

**CASTLETON TOWNSHP**  
**FIDUCIARY FUNDS - STATEMENT OF CHANGES IN NET ASSETS**  
**FISCAL YEAR ENDED MARCH 31, 2006**

|                                | <u>Cemetery<br/>Perpetual<br/>Care Funds</u> |
|--------------------------------|--|
| <b>Additions</b>               |  |
| Lot Sales                      | <u>225</u>                                   |
| Total Sales                    | 225  |
| Investment Income              |  |
| Interest                       | <u>143</u>                                   |
| Total Investment Income        | <u>143</u>                                   |
| Total Additions                | 368  |
| <b>Deductions</b>              |  |
| None                           | <u>-</u>                                     |
| Change in Net Assets           | 368  |
| Net Assets - Beginning of Year | <u>4,933</u>                                 |
| Net Assets - End of Year       | <u>5,301</u>                                 |

The Notes to Financial Statements are an integral part of this statement.

**CASTLETON TOWNSHIP**  
**STATEMENT OF NET ASSETS - COMPONENT UNITS**  
**MARCH 31, 2006**

|  | Area-Wide<br>Fire<br><u>Board</u> | Area-Wide<br>Ambulance<br><u>Board</u> | Total<br>Component<br><u>Units</u> |
|--|-----------------------------------|--|------------------------------------|
| <b>Assets</b>                                  |                                   |  |                                    |
| Cash and Cash Equivalents                      | 7,752                             | 12,890                                 | 20,642                             |
| Prepaid Expenses                               | -                                 | -                                      | -                                  |
| Capital Assets - Net                           | <u>265,558</u>                    | <u>160,157</u>                         | <u>425,715</u>                     |
| Total Assets                                   | 273,310                           | 173,047                                | 446,357                            |
| <b>Liabilities</b>                             |                                   |  |                                    |
| Accounts Payable                               | <u>144</u>                        | <u>1,373</u>                           | <u>1,517</u>                       |
| Total Liabilities                              | 144                               | 1,373                                  | 1,517                              |
| <b>Net Assets</b>                              |                                   |  |                                    |
| Invested in Capital Assets-Net of Related Debt | 265,558                           | 160,157                                | 425,715                            |
| Restricted for                                 |                                   |  |                                    |
| Capital Projects                               | -                                 | -                                      | -                                  |
| Other Purposes                                 | -                                 | -                                      | -                                  |
| Unrestricted                                   | <u>7,608</u>                      | <u>11,517</u>                          | <u>19,125</u>                      |
| Total Net Assets                               | <u>273,166</u>                    | <u>171,674</u>                         | <u>444,840</u>                     |

The Notes to Financial Statements are an integral part of this statement.



**CASTLETON TOWNSHIP**  
**STATEMENT OF ACTIVITIES - COMPONENT UNITS**  
**FISCAL YEAR ENDED MARCH 31, 2006**

| <u>Functions/Programs</u>             | <u>Expenses</u> | <u>Program Revenues</u>         |   |   | <u>(Expense) Revenue and<br/>Changes in Net Assets</u> |                            |                |
|---------------------------------------|-----------------|---------------------------------|---|---|--|----------------------------|----------------|
|                                       |                 | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Primary Government</u>                              |                            |                |
|                                       |                 |                                 |   |   | <u>Fire<br/>Board</u>                                  | <u>Ambulance<br/>Board</u> | <u>Total</u>   |
| <b>Fire and Ambulance Boards</b>      |                 |                                 |   |   |  |                            |                |
| Public Safety                         | 96,805          | 1,050                           | 54,952  | -   | (40,803)   | -                          | (40,803)       |
| Health and Welfare                    | <u>236,447</u>  | <u>163,269</u>                  | <u>48,084</u>                                     | -   | -  | (25,094)                   | (25,094)       |
| Total Fire and Ambulance Boards       | <u>333,252</u>  | <u>164,319</u>                  | <u>103,036</u>                                    | -   | (40,803)   | (25,094)                   | (65,897)       |
| 12 Total Primary Government           | <u>333,252</u>  | <u>164,319</u>                  | <u>103,036</u>                                    | -   | (40,803)   | (25,094)                   | (65,897)       |
| <b>General Revenues and Transfers</b> |                 |                                 |   |   |  |                            |                |
| Transfers                             |                 |                                 |   |   | <u>21,000</u>  | <u>16,000</u>              | <u>37,000</u>  |
| Total General Revenues and Transfers  |                 |                                 |   |   | <u>21,000</u>  | <u>16,000</u>              | <u>37,000</u>  |
| Change in Net Assets                  |                 |                                 |   |   | (19,803)   | (9,094)                    | (28,897)       |
| Adjustments of Prior Years            |                 |                                 |   |   | 88,958   | 54,812                     | 143,770        |
| Net Assets - Beginning                |                 |                                 |   |   | <u>204,011</u>   | <u>125,956</u>             | <u>329,967</u> |
| Net Assets - Ending                   |                 |                                 |   |   | <u>273,166</u>   | <u>171,674</u>             | <u>444,840</u> |

The Notes to Financial Statements are an integral part of this statement.

**CASTLETON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the local Governmental Unit conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Local Governmental Unit:

**A. Reporting Entity**

Castleton Township was organized in 1845 and covers an area of 36 square miles. The Township is governed by an elected five-member board. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

**Blended Component Units** - There are no blended component units.

**Discretely Presented Component Units** - The following component units are reported with the "component units" column in the combined financial statements. The discretely presented component unit is an entity that is legally separate from the Local Governmental Unit, but for which the unit is financially accountable, or its relationship with the unit is such that exclusion would cause the unit's financial statements to be misleading or incomplete.

The area-wide Fire Board and the area-wide Ambulance Board are joint ventures supported by Castleton Township, Maple Grove Township and the Village of Nashville. The members of their boards are appointed by the boards and council of the three local governments, and each of the three governments supplies the two Boards with appropriations for operations. The two joint ventures provide fire and ambulance services for the area governed by the three previously mentioned governments.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CASTLETON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township property tax is levied on each December 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31<sup>st</sup>.

Although the Township ad valorem tax is levied and collectible on December 1, it is the Township's policy to recognize revenue from the current tax levy in the subsequent year OR the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2005 taxable valuation of the Township totaled \$54,595,167, on which ad valorem taxes levied consisted of .9038 mills for the Township operating purposes, and .9750 mills for fire and ambulance services. These amounts are recognized in the respective financial statements as taxes receivables--current or as tax revenue.

All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

There are also two Special Revenue Funds named Fire Voted and Ambulance Voted which primarily collect and distribute tax revenues for the fire and ambulance activities,

**CASTLETON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Assets or Equity**

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and any business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Properties are assessed as of December 31. Summer school taxes are levied July 1 and payable by September 15. All other property taxes are levied December 1 and payable by February 14. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed and they are added to the county tax rolls.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimates historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

|                       |                |
|-----------------------|----------------|
| Buildings             | 20 to 50 years |
| Building Improvements | 15 to 30 years |
| Vehicles              | 10 to 25 years |
| Office Furniture      | 5 to 15 years  |
| Computer Equipment    | 3 to 7 years   |

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**CASTLETON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The differences between the government-wide and fund financial statements are reconciled as shown at the bottom of the fund financial statements.

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a line item basis. The approved budgets of the Township for these budgetary funds were adopted to the line item level.

During the year ended March 31, 2006, the Township incurred expenditures in no budgetary funds which were in excess of the amounts appropriated.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Deposits in banks are carried at cost and certificates of deposit are carried at cost plus accrued interest.

Act 217, PA 1982, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated two banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

**CASTLETON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

|                           | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Fiduciary<br/>Funds</u> | <u>Total Primary<br/>Government</u> | <u>Component<br/>Units</u> |
|---------------------------|------------------------------------|-------------------------------------|----------------------------|-------------------------------------|----------------------------|
| Cash and Cash Equivalents | 596,668                            | -                                   | 6,694                      | 603,362                             | 20,642                     |
| Investments               | -                                  | -                                   | -                          | -                                   | -                          |
| Restricted Assets         | -                                  | -                                   | -                          | -                                   | -                          |
| Total                     | <u>596,668</u>                     | <u>-</u>                            | <u>6,694</u>               | <u>603,362</u>                      | <u>20,642</u>              |

The breakdown between deposits and investments is as follows:

|  | <u>Primary<br/>Government</u> | <u>Component<br/>Units</u> |
|--|-------------------------------|----------------------------|
| Bank Deposits (checking and savings accounts, certificates of deposit) | 603,362                       | 20,642                     |
| Investments in Securities, Mutual Funds and Similar Vehicles           | -                             | -                          |
| Petty Cash and Cash on Hand  | -                             | -                          |
| Total  | <u>603,362</u>                | <u>20,642</u>              |

The bank balance of the primary government's deposits is \$594,400, of which \$585,280 is covered by federal depository insurance and \$0 is collateralized. The component units' deposits had a bank balance of \$22,352 of which \$22,352 was covered by federal depository insurance and \$0 was collateralized.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Local Government Unit or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Local Governmental Unit's name.

All investments are in category one.

**NOTE 5 - RECEIVABLES**

Receivables as of year-end for the government's individual major and nonmajor funds, and the internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

**CASTLETON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 5 – RECEIVABLES (Continued)**

|                                       | <u>General<br/>Fund</u> | <u>Fire<br/>Voted<br/>Fund</u> | <u>Ambulance<br/>Voted<br/>Fund</u> | <u>Non-Major<br/>and Other<br/>Funds</u> | <u>Total</u>         |
|---------------------------------------|-------------------------|--------------------------------|-------------------------------------|--|----------------------|
| Taxes Receivable                      | <u>5,921</u>            | <u>4,780</u>                   | <u>1,592</u>                        | <u>-</u>                                 | <u>12,293</u>        |
| Gross Receivables                     | 5,921                   | 4,780                          | 1,592                               | -  | 12,293               |
| Less: Allowance for<br>Uncollectibles | <u>-</u>                | <u>-</u>                       | <u>-</u>                            | <u>-</u>                                 | <u>-</u>             |
| Net Receivables                       | <u><u>5,921</u></u>     | <u><u>4,780</u></u>            | <u><u>1,592</u></u>                 | <u><u>-</u></u>                          | <u><u>12,293</u></u> |

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

|                           | <u>Unavailable</u> | <u>Unearned</u> |
|---------------------------|--------------------|-----------------|
| Delinquent Property Taxes | <u>-</u>           | <u>-</u>        |
| Total                     | <u><u>-</u></u>    | <u><u>-</u></u> |

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

|                                      | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--------------------------------------|------------------------------|------------------|------------------|---------------------------|
| <b>Governmental Activities</b>       |                              |                  |                  |                           |
| Capital Assets Not Being Depreciated |                              |                  |                  |                           |
| Land                                 | 25,000                       | -                | -                | 25,000                    |
| Construction in Progress             | <u>-</u>                     | <u>-</u>         | <u>-</u>         | <u>-</u>                  |
| Subtotal                             | 25,000                       | -                | -                | 25,000                    |
| Capital Assets Being Depreciated     |                              |                  |                  |                           |
| Buildings                            | 116,298                      | -                | -                | 116,298                   |
| Improvements Other Than Buildings    | -                            | -                | -                | -                         |
| Machinery and Equipment              | 43,981                       | -                | -                | 43,981                    |
| Infrastructure                       | <u>-</u>                     | <u>-</u>         | <u>-</u>         | <u>-</u>                  |
| Subtotal                             | 160,279                      | -                | -                | 160,279                   |

**CASTLETON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 6 - CAPITAL ASSETS (Continued)**

|                                       |                |                |          |                |
|---------------------------------------|----------------|----------------|----------|----------------|
| Less: Accumulated Depreciate for      |                |                |          |                |
| Buildings                             | 42,915         | 4,209          | -        | 47,124         |
| Improvements Other Than Buildings     | -              | -              | -        | -              |
| Machinery and Equipment               | 10,393         | 3,338          | -        | 13,731         |
| Infrastructure                        | <u>-</u>       | <u>-</u>       | <u>-</u> | <u>-</u>       |
| Subtotal                              | <u>53,308</u>  | <u>7,547</u>   | <u>-</u> | <u>60,855</u>  |
| Net Capital Assets Being Depreciated  | <u>106,971</u> | <u>(7,547)</u> | <u>-</u> | <u>99,424</u>  |
| Governmental Activities Capital Total |                |                |          |                |
| Capital Assets – Net of Depreciation  | <u>131,971</u> | <u>(7,547)</u> | <u>-</u> | <u>124,424</u> |

Depreciation expense was charged to programs of the primary government as follows:

|  |               |
|--|---------------|
| Governmental Activities                    |               |
| Unallocated                                | <u>7,547</u>  |
| Total Governmental Activities              | <u>7,547</u>  |
| Discretely Presented Component Units       |               |
| Area-Wide Fire Board                       | 17,169        |
| Area-Wide Ambulance Board                  | <u>13,177</u> |
| Total Discretely Presented Component Units | <u>30,346</u> |

**NOTE 7 - LONG-TERM DEBT**

In the summer of 2004 the Township entered into an agreement with the Barry County Road Commission for the repair of a portion of East State Road. The first of five equal payments was made in August, 2004, with the remaining payments to be made in August of the four following years. The total debt was \$304,000, and interest does not accrue on the outstanding debt. The liquidating payments are made from the township improvements fund which is a part of the general fund.

The annual requirements to pay the debt outstanding at March 31, 2006, are as follows:

| <u>Year Ending</u><br><u>March 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>   |
|---------------------------------------|------------------|-----------------|----------------|
| 2007                                  | 60,800           | -               | 60,800         |
| 2008                                  | 60,800           | -               | 60,800         |
| 2009                                  | 60,800           | -               | <u>60,800</u>  |
|                                       |                  |                 | <u>182,400</u> |



**CASTLETON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 8 - RISK MANAGEMENT**

The Township's insurance for Workers' Compensation, General Liability and Property Loss and Fleet insurance is carried by an insurance company. The Township is not self-insured other than for minimal deductibles. No known material claims are outstanding. Insurance coverage is substantially the same as in previous years.

**NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

The Township has a defined contribution pension plan for the elected officials. Contributions for the past three years are:

|         |         |
|---------|---------|
| 3-31-04 | \$5,768 |
| 3-31-05 | 5,400   |
| 3-31-06 | 5,400   |

**NOTE 10- EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant and specifies how contributions to the individual's account are to be determined instead of specifying the amounts of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

The plan held no securities of the Township or other related parties during the year or as of the close of the fiscal year.

**NOTE 11 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

## **Required Supplemental Information**

**CASTLETON TOWNSHIP  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED MARCH 31, 2006**

|                                      | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>Actual</u>  | Variance with<br>Amended<br>Budget<br>Favorable<br>(Unfavorable) |
|--------------------------------------|----------------------------|---------------------------|----------------|--|
| Beginning of Year Fund Balance       |                            |                           |                |  |
| Resources (Inflows)                  | 236,286                    | 236,286                   | 236,286        | -  |
| Property Taxes                       | 65,450                     | 65,450                    | 62,780         | (2,670)  |
| State-Shared Revenues                | 125,000                    | 125,000                   | 128,825        | 3,825  |
| State Metro Authority Act            | -                          | -                         | 2,646          | 2,646  |
| Interest                             | 1,450                      | 1,450                     | 3,561          | 2,111  |
| Rentals                              | 500                        | 500                       | 1,100          | 600  |
| Charges for Services                 | 200                        | 200                       | 700            | 500  |
| Other                                | <u>1,500</u>               | <u>1,500</u>              | <u>4,127</u>   | <u>2,627</u>   |
| Amounts Available for Appropriation  | 430,386                    | 430,386                   | 440,025        | 9,639  |
| Charges to Appropriations (Outflows) |                            |                           |                |  |
| General Government                   |                            |                           |                |  |
| Township Board                       | 25,850                     | 32,410                    | 30,538         | 1,872  |
| Board of Review                      | 1,700                      | 1,700                     | 1,181          | 519  |
| Supervisor                           | 7,640                      | 7,640                     | 6,513          | 1,127  |
| Treasurer                            | 15,345                     | 15,664                    | 14,897         | 767  |
| Assessing                            | 16,780                     | 16,780                    | 16,672         | 108  |
| Clerk                                | 18,300                     | 18,550                    | 15,990         | 2,560  |
| Elections                            | 4,100                      | 4,100                     | 3,175          | 925  |
| Cemetery                             | 10,050                     | 10,050                    | 8,037          | 2,013  |
| Buildings and Grounds                | 7,650                      | 8,215                     | 7,178          | 1,037  |
| Public Safety                        |                            |                           |                |  |
| Fire                                 | 21,000                     | 21,000                    | 21,000         | -  |
| Health and Welfare                   |                            |                           |                |  |
| EMS                                  | 16,000                     | 16,000                    | 16,000         | -  |
| Contract Services                    | -                          | -                         | -              | -  |
| Public Works                         |                            |                           |                |  |
| Street Maintenance                   | 76,288                     | 76,288                    | 71,562         | 4,726  |
| Sanitation                           | 4,000                      | 4,000                     | 4,000          | -  |
| Recreation and Culture               |                            |                           |                |  |
| Library                              | <u>-</u>                   | <u>-</u>                  | <u>-</u>       | <u>-</u>   |
| Total Charges to Appropriations      | <u>224,703</u>             | <u>232,397</u>            | <u>216,743</u> | <u>15,654</u>  |
| Budgetary Fund Balance - End of Year | <u>205,683</u>             | <u>197,989</u>            | <u>223,282</u> | <u>25,293</u>  |

The Notes to Financial Statements are an integral part of this statement.

## **Other Supplemental Information**

**CASTLETON TOWNSHIP  
BUDGETARY COMPARISON SCHEDULE  
FIRE VOTED FUND  
FISCAL YEAR ENDED MARCH 31, 2006**

|                                      | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>Actual</u>  | Variance with<br>Amended<br>Budget<br>Favorable<br>(Unfavorable) |
|--------------------------------------|----------------------------|---------------------------|----------------|--|
| Beginning of Year Fund Balance       |                            |                           |                |  |
| Resources (Inflows)                  | 233,385                    | 233,385                   | 233,385        | -  |
| Property Taxes                       | 37,700                     | 37,700                    | 39,920         | 2,220  |
| Interest                             |                            | 2,000                     | 6,522          | 4,522  |
| Other                                | <u>2,000</u>               | <u>-</u>                  | <u>3,200</u>   | <u>3,200</u>   |
| Amounts Available for Appropriation  | 273,085                    | 273,085                   | 283,027        | 9,942  |
| Charges to Appropriations (Outflows) |                            |                           |                |  |
| Public Safety                        |                            |                           |                |  |
| Fire                                 | <u>6,000</u>               | <u>9,200</u>              | <u>8,660</u>   | <u>540</u>   |
| Total Charges to Appropriations      | <u>6,000</u>               | <u>9,200</u>              | <u>8,660</u>   | <u>540</u>   |
| Budgetary Fund Balance - End of Year | <u>267,085</u>             | <u>263,885</u>            | <u>274,367</u> | <u>10,482</u>  |

The Notes to Financial Statements are an integral part of this statement.

**CASTLETON TOWNSHIP  
BUDGETARY COMPARISON SCHEDULE  
AMBULANCE VOTED FUND  
FISCAL YEAR ENDED MARCH 31, 2006**

|                                      | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>Actual</u>         | Variance with<br>Amended<br>Budget<br>Favorable<br>(Unfavorable) |
|--------------------------------------|----------------------------|---------------------------|-----------------------|--|
| Beginning of Year Fund Balance       |                            |                           |                       |  |
| Resources (Inflows)                  | 96,846                     | 96,846                    | 96,846                | -  |
| Property Taxes                       | 12,000                     | 12,000                    | 13,298                | 1,298  |
| Interest                             | <u>1,000</u>               | <u>1,000</u>              | <u>2,316</u>          | <u>1,316</u>   |
| Amounts Available for Appropriation  | 109,846                    | 109,846                   | 112,460               | 2,614  |
| Charges to Appropriations (Outflows) |                            |                           |                       |  |
| Health and Welfare                   |                            |                           |                       |  |
| EMS                                  | <u>2,500</u>               | <u>4,000</u>              | <u>2,804</u>          | <u>1,196</u>   |
| Total Charges to Appropriations      | <u>2,500</u>               | <u>4,000</u>              | <u>2,804</u>          | <u>1,196</u>   |
| Budgetary Fund Balance - End of Year | <u><u>107,346</u></u>      | <u><u>105,846</u></u>     | <u><u>109,656</u></u> | <u><u>3,810</u></u>  |

The Notes to Financial Statements are an integral part of this statement.

**CASTLETON TOWNSHIP  
STATEMENT OF CHANGES IN ASSETS & LIABILITIES  
TRUST & AGENCY FUND  
FOR THE FISCAL YEAR ENDED MARCH 31, 2006**

|                    | Balance<br>Beginning of<br>Year | Additions | Deductions | Balance<br>End of<br>Year |
|--------------------|---------------------------------|-----------|------------|---------------------------|
| <b>Assets</b>      |                                 |           |            |                           |
| Cash & Receivables | -                               | 1,463,591 | 1,462,198  | 1,393                     |
| <b>Liabilities</b> |                                 |           |            |                           |
| Taxes Payable      | -                               | 1,393     | -          | 1,393                     |

The Notes to Financial Statements are an integral part of this statement.

**CASTLETON TOWNSHIP  
DETAILED SCHEDULE OF REVENUES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2006**

**GENERAL FUND**

**GENERAL GOVERNMENT**

|                     |              |                |
|---------------------|--------------|----------------|
| Local Taxes:        |              |                |
| Roll                | 49,312       |                |
| Administration Fees | 12,259       |                |
| Trailer Tax         | <u>1,209</u> |                |
| Total               |              | 62,780         |
| Intergovernmental:  |              |                |
| Sales Tax           | 128,825      |                |
| Metro Authority Act | <u>2,646</u> | 131,471        |
| Interest            |              | 3,561          |
| Other               |              | <u>5,927</u>   |
| Total Revenues      |              | <u>203,739</u> |

The Notes to Financial Statements are an integral part of this statement.



**CASTLETON TOWNSHIP  
DETAILED SCHEDULE OF EXPENDITURES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2006**

**GENERAL FUND**

**GENERAL GOVERNMENT**

**Township Board**

|                       |            |        |
|-----------------------|------------|--------|
| Trustees              | 3,383      |        |
| Legal & Audit         | 9,980      |        |
| Printing & Publishing | 643        |        |
| Dues                  | 1,145      |        |
| Education             | 467        |        |
| Insurance             | 3,766      |        |
| FICA Tax              | 4,060      |        |
| Supplies              | 471        |        |
| Other                 | 569        |        |
| Pension               | 5,400      |        |
| Small Equipment       | <u>653</u> |        |
| Total                 | 30,537     | 30,537 |

**Supervisor**

|                 |          |       |
|-----------------|----------|-------|
| Salary          | 6,393    |       |
| Education       | 100      |       |
| Mileage         | -        |       |
| Other           | 20       |       |
| Small Equipment | <u>-</u> |       |
| Total           | 6,513    | 6,513 |

**Elections**

|                  |              |       |
|------------------|--------------|-------|
| Wages            | 1,760        |       |
| Supplies & Other | <u>1,415</u> |       |
| Total            | 3,175        | 3,175 |

**Assessor**

|                 |            |        |
|-----------------|------------|--------|
| Salary          | 15,053     |        |
| Office Expense  | 1,024      |        |
| Education       | 175        |        |
| Mileage         | -          |        |
| Other           | -          |        |
| Small Equipment | <u>420</u> |        |
| Total           | 16,672     | 16,672 |

The Notes to Financial Statements are an integral part of this statement.

**DETAILED SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
**Page 2**

**Clerk**

|                 |            |        |
|-----------------|------------|--------|
| Salary          | 14,730     |        |
| Office Expense  | 317        |        |
| Education       | 160        |        |
| Mileage         | 33         |        |
| Other           | -          |        |
| Small Equipment | <u>750</u> |        |
| Total           | 15,990     | 15,990 |

**Treasurer**

|                 |            |        |
|-----------------|------------|--------|
| Salary          | 12,662     |        |
| Office Expense  | 1,664      |        |
| Education       | 10         |        |
| Mileage         | 39         |        |
| Other           | 10         |        |
| Small Equipment | <u>512</u> |        |
| Total           | 14,897     | 14,897 |

**Township Hall**

|                      |          |       |
|----------------------|----------|-------|
| Utilities            | 4,636    |       |
| Supplies             | 96       |       |
| Building Maintenance | 2,446    |       |
| Small Equipment      | <u>-</u> |       |
| Total                | 7,178    | 7,178 |

**Board of Review**

|           |          |       |
|-----------|----------|-------|
| Per Diem  | 1,040    |       |
| Education | -        |       |
| Printing  | 141      |       |
| Other     | <u>-</u> |       |
| Total     | 1,181    | 1,181 |

**Cemetery**

|                   |            |       |
|-------------------|------------|-------|
| Contract Services | 7,850      |       |
| Other             | <u>187</u> |       |
| Total             | 8,037      | 8,037 |

**PUBLIC WORKS**

|              |               |        |
|--------------|---------------|--------|
| <b>Roads</b> | <u>71,562</u> |        |
| Total        | 71,562        | 71,562 |

The Notes to Financial Statements are an integral part of this statement.

**DETAILED SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
**Page 3**

|                                |               |                       |
|--------------------------------|---------------|-----------------------|
| <b>Sanitation</b>              |               |                       |
| Recycling                      | 4,000         |                       |
| Total                          | <u>4,000</u>  | 4,000                 |
| <b>HEALTH AND WELFARE</b>      |               |                       |
| Contract Services              | -             |                       |
|                                | <u>-</u>      | -                     |
| <b>TRANSFERS</b>               |               |                       |
| Fire Board                     | 21,000        |                       |
| Ambulance Board                | <u>16,000</u> |                       |
| Total                          | 37,000        | <u>37,000</u>         |
| Total Expenditures & Transfers |               | <u><u>216,742</u></u> |

The Notes to Financial Statements are an integral part of this statement.

**CASTLETON TOWNSHIP  
RECONCILIATION OF 2005 TAX ROLL**

|                                | Roll          | Collections      | Returned<br>Delinquent |
|--------------------------------|---------------|------------------|------------------------|
| <b>Tax Collections</b>         |               |                  |                        |
| Barry County:                  |               |                  |                        |
| Operating                      | 403,762       | 355,876          | 47,886                 |
| State Education Tax            | 327,417       | 297,149          | 30,268                 |
| Intermediate School Districts: |               |                  |                        |
| Barry                          | 15,055        | 12,891           | 2,164                  |
| Eaton                          | 167,482       | 147,344          | 20,138                 |
| Ionia                          | 17,403        | 16,372           | 1,031                  |
| School Districts:              |               |                  |                        |
| Maple Valley                   | 428,871       | 372,479          | 56,392                 |
| Hastings                       | 78,391        | 65,530           | 12,861                 |
| Lakewood                       | 22,736        | 20,564           | 2,172                  |
| Library Board:                 | 26,578        | 23,410           | 3,168                  |
| Township:                      |               |                  |                        |
| Operating                      | 49,312        | 43,434           | 5,878                  |
| Fire Voted                     | 39,899        | 35,143           | 4,756                  |
| Ambulance Voted                | <u>13,290</u> | <u>11,706</u>    | <u>1,584</u>           |
| Total Taxes                    | 1,590,196     | 1,401,898        | 188,298                |
| Other:                         |               |                  |                        |
| Prior Year Taxes               |               | 17,455           |                        |
| Trailer Tax                    |               | 6,863            |                        |
| Interest and Late Fees         |               | 1,473            |                        |
| Administration Fee             |               | 10,381           |                        |
| Millage Error                  |               | 21,131           |                        |
| Special Assessments            |               | 2,776            |                        |
| Other                          |               | <u>221</u>       |                        |
| Total Collections              |               | <u>1,462,198</u> |                        |
| <b>Remittances</b>             |               |                  |                        |
| Barry County                   |               | 683,951          |                        |
| Barry ISD                      |               | 12,891           |                        |
| Eaton ISD                      |               | 148,495          |                        |
| Ionia ISD                      |               | 16,371           |                        |
| Maple Valley Schools           |               | 372,924          |                        |
| Hastings Schools               |               | 65,417           |                        |
| Lakewood Schools               |               | 20,564           |                        |
| Castleton Township             |               | 115,180          |                        |
| Library                        |               | <u>26,405</u>    |                        |
| Total Remittances              |               | <u>1,462,198</u> |                        |

The Notes to Financial Statements are an integral part of this statement.

# *Foote and Lloyd*

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MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
-----  
MICHIGAN ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS  
-----  
\*FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

To the Supervisor and Board  
Castleton Township  
Barry County, Michigan

This letter is being written as part of the audit for the year ended March 31, 2006, of the financial records of Castleton Township, Barry County, Michigan. We have forwarded to the state of Michigan their required copies of the audit report. At the State's suggestion this year, we forwarded the audit report to them in electronic format on a CD disk. Your Annual Fiscal Report is enclosed and should be signed and filed with the state right away.

**BUDGETS:** As disclosed in notes to the financial statements, no funds had an unfavorable budget variance. We commend you for doing much better in amending the budget as necessary prior to over expenditures.

**BANK DEPOSITS:** As we discussed with the Supervisor and the clerk, bank deposits should be monitored to prevent exceeding the amounts insured by the FDIC.

We wish to thank you for the opportunity of serving you again this year and for the cooperation and assistance we received from all contacted during the audit. Please feel free to call us if you have any questions or need assistance.

# *Foote and Lloyd*

CERTIFIED PUBLIC ACCOUNTANTS

Battle Creek, Michigan  
December 22, 2006